International Advisory Services Group, Ltd.

November 13, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Re: TA-201-73 – Steel
Exclusion Requests Filed on Behalf of Illinois Tool Works

Dear Ms. Blue:

This electronic non-confidential filing is made on behalf of Illinois Tool Works and three of its businesses that produce a range of products from steel and is in response to the Office of the United States Trade Representative ("USTR") notice appearing in the Federal Register of 26 October 2001 (66 FR 54321-24). That notice invited, inter alia, comments on why certain steel products should be excluded from any recommendation from the Trade Policy Staff Committee to the President for import relief in this proceeding.

We are filing eight requests, each one attached on a separate page:

For ITW Drawform:

1. Hot Rolled Sheet, Pickled & Oiled, from The Netherlands;
2. Low Carbon Cold Rolled Sheet from Belgium-Luxembourg;
3. High Strength Low Alloy Cold Rolled Sheet from Sweden.

For ITW CIP Stampings:

1. Hot Rolled Sheet, Pickled & Oiled, from France;
2. Hot Rolled Sheet, Pickled & Oiled, from Germany.

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For ITW Anchor Stampings:

1. Hot Rolled Sheet, Pickled & Oiled, from The Netherlands;
2. High Strength Low Alloy Hot Rolled Sheet from France and The Netherlands;
3. Low Carbon Cold Rolled Sheet from France.

In each case we have identified the product and the specific foreign source on which the specific ITW business relies.

Should you require any further information or documentation, please contact me as consultant to Illinois Tool works for this matter.

Sincerely,

Charles H. Blum
President
On behalf of
Illinois Tool Works

Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- DRAWFORM/ Netherlands

A. Name of Product

Hot Rolled Sheet – Pickled and Oiled

B. Description of Product

Hot rolled sheet in coils; thickness more than 3 mm; ASTM A715 grades 045 and 080 and TRW raw material specification TRWMS30320361.

C. Basis for Request

1) The steel will be used for a critical airbag application. A clean steel suitable for welding the finished component is essential. U.S. mills have declined to supply this product because of the liability and extra testing involved.
2) ITW Drawform developed this grade of steel with Corus for over a year. The initial volume was too small to be of interest to domestic mills.
3) Thus, all of the production testing has been done on Corus material. To change suppliers would require stringent testing and a costly and lengthy validation process.

D. Producers of the Product

Based on our experience, the known producers are:

U.S.: Rouge Steel
Dearborn MI

WCI
Warren, OH

Foreign: Corus Steel
Ijmuiden,The Netherlands

Thyssen Krupp
Germany

E. Total U.S. Consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or future U.S. consumption. ITW's usage has grown from less than 10 tons per year in 1999 and 2000 to approximately 40 tons this year. Now that the start-up phase is complete, the estimated volume for 2002 and 2003 is 200 to 280 tons per grade per year depending on how well the product sells.

F. Total U.S. Production

We have no way to accurately estimate U.S. production.

G. US Produced Substitutes

We are not aware of any substitutes produced in the U.S.

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Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- DRAWFORM/ BELGIUM-LUXEMBOURG

A. Name of Product

Low Carbon Cold Rolled Steel

B. Description of Product

Cold rolled sheet in coils; less than .050 thickness; ASTM A1008 DS and DDS used in the production of automotive breaking components and other safety related products.

C. Basis for Request

ITW Drawform has used Sidmar as its sole qualified supplier of light gauges (.050 inches and less) for more that 20 years. Sidmar produces an excellent product in these dimensions. There is no U.S. producer of a product of comparable quality. Given significant product liability issues, reliable quality is a prime concern. If a domestic source is found, stringent testing would be required to validate this process change.

D. Producers of the Product

Based on our experience, the known suppliers are:

U.S.: USX, Gary, IN

AK Steel, Rockport, IN

Rouge Steel, Detroit, MI

Foreign: Sidmar/Arbed: the mill is believed to be in Ghent, Belgium

Usinor, France

E. Total U.S. Consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or future U.S. consumption. Last year Drawform's usage was approximately 2000 tons. This year we will use an estimated 1850 tons. Assuming recovery of automotive demand, usage in 2002 may reach 2050 tons.

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F. U.S. Production

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We have no way to accurately estimate U.S. production of this product.

G. U.S.-Produced Substitutes

We are not aware of any U.S.-produced substitutes.

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Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- DRAWFORM/ SWEDEN

C. Name of Product

High Strength Low Alloy Cold Rolled Sheet

D. Description of Product

Cold rolled sheet in coils; .064 ASTM A715 grade 50 HSLA steel.

E. Basis for Request

This product is used in the manufacture of automotive airbags. ITW Drawform has tested many different mills for this critical product. SSAB has been determined to be the best source. Competing material from domestic mills does not meet our standards due to cracking and laminations.

D. Producers of the Product

Based on our experience, the known producers are:

U.S.: AK Steel
Nucor

Foreign: Rautaruukki, Finland
SSAB, Sweden

E. Total U.S. Consumption—Historic and Projected (Estimated)

We have no way to accurately estimate past or future U.S. consumption. ITW's usage for the current year is estimated to be 800 tons. Because the program is well received in the market place the volume next year should reach 1,100 tons.

F. Total U.S. Production, 1996-2000

We have no way of accurately estimating U.S. production.

G. U.S.-Produced Substitutes

We know of no substitute materials produced in the U.S.

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Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- CIP STAMPINGS/ FRANCE

A. Name of Product

Hot rolled sheet steel- pickled and oiled

B. Description of Product

Hot rolled sheet steel in coils; thickness less than 4mm;
Material shall meet the requirements of ASTM.A.568 in addition to the following requirements.

1. Material to be aluminum killed (fine grain practice), continuous cast and vacuum degassed.

2. Material to be free of defects detrimental to subsequent cold rolling and press forming.

3. Inclusion Content (sulfides, alumina, silicates and oxides) to be no greater than rating #2 thin series per ASTM E 45. No heavy inclusions are permissible.

4. Microstructure to be fine pearlite with no more than 30% proeutectoid ferrite, with no carbide ferrite banding.

5. Grain Size to be rating #5 or finer per ASTM E 112.

6. Total surface decarburization not to exceed 0.003 inch.

7. Hardness to be within the limits of CIP Table C (Exhibit C) for the steel grade specified in the purchase order.

C. Basis for Request

Over the past thirty years we have been working with local producers and off-shore producers of SAE1050 steel. Over this period it has become very evident that the local producers were not able and in some instances unwilling to produce a higher quality of 1050 steel.

Currently WCI is a supplier to ITW CIP Stampings, they produce a product that is functional but not as consistent and free of contamination as the off-shore steel is.

We continuously try to secure local suppliers to produce steel for us. The last investigation we did was with Acme Steel. After numerous test runs it was agreed that Acme could not produce the quality of steel we needed with the manufacturing process that they are currently using.

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Steel from our off shore suppliers is cleaner with fewer contaminants and more consistent in material structure with uniform grain sizes. These factors are critical to the product we manufacture. Based on the stringent requirements of our product and the high stress levels that our parts are subjected to in the actual application, we have to use the best steel available.

D. Producers of the Product

Based on our experience, the known suppliers are:

Foreign: WCI Warren OH

Usinor, France

Thyssen Krupp Germany

Kobe Steel Kobe Japan

E. Total U.S. Consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or future U.S. consumption.

The following data on ITW CIP Stampings consumption is based on actual consumptions and estimations for future requirements.

Year	Quantity US Tons	Value $	US Steel	Foreign
1996	17,034	8,858,073	5,109	11,925
1997	16,953	8,781,472	988	15,964
1998	21,167	11,049,152	5,576	15,590
1999	23,290	12,157,580	14,328	8,962
2000	28,678	14,970,058	19,146	9,532
Projected				
2001	13,500	7,589,456	8,500	5,000
2002	14,175	7,854,322	7,000	7,175
2003	15,592	9,355,500	8,000	7,592
2004	17,151	10,290,720	9,000	8,151
2005	19,724	13,806,555	10,000	9,724

F. Total U.S. Production – 1996-2000

We have no way to accurately estimate U.S. production of this product.

G. U.S.-Produced Substitutes

There are no substitute materials that we could use to produce our product; the selection of this grade of steel is the key to its formability and hardenability. Materials above this grade are too hard for forming operation and grades below this material can't be hardened.

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Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- CIP STAMPINGS/ GERMANY

A. Name of Product

Hot rolled sheet steel- pickled and oiled

B. Description of Product

Hot rolled sheet steel in coils; thickness less than 4mm;
Material shall meet the requirements of ASTM.A.568 in addition to the following requirements.

1. Material to be aluminum killed (fine grain practice), continuous cast and vacuum degassed.

2. Material to be free of defects detrimental to subsequent cold rolling and press forming.

3. Inclusion Content (sulfides, alumina, silicates and oxides) to be no greater than rating #2 thin series per ASTM E 45. No heavy inclusions are permissible.

4. Microstructure to be fine pearlite with no more than 30% proeutectoid ferrite, with no carbide ferrite banding.

5. Grain Size to be rating #5 or finer per ASTM E 112.

6. Total surface decarburization not to exceed 0.003 inch.

7. Hardness to be within the limits of CIP Table C (Exhibit C) for the steel grade specified in the purchase order.

C. Basis for Request

Over the past thirty years we have been working with local producers and off-shore producers of SAE1050 steel. Over this period it has become very evident that the local producers were not able and in some instances unwilling to produce a higher quality of 1050 steel.

Currently WCI is a supplier to ITW CIP Stampings, they produce a product that is functional but not as consistent and free of contamination as the off-shore steel is.

We continuously try to secure local suppliers to produce steel for us. The last investigation we did was with Acme Steel. After numerous test runs it was agreed that Acme could not produce the quality of steel we needed with the manufacturing process that they are currently using.

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Steel from our off shore suppliers is cleaner with fewer contaminants and more consistent in material structure with uniform grain sizes. These factors are critical to the product we manufacture. Based on the stringent requirements of our product and the high stress levels that our parts are subjected to in the actual application, we have to use the best steel available.

D. Producers of the Product

Based on our experience, the known suppliers are:

Foreign: WCI Warren OH

Usinor, France

Thyssen Krupp Germany

Kobe Steel Kobe Japan

E. Total U.S. Consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or future U.S. consumption.

The following data on ITW CIP Stampings consumption is based on actual consumptions and estimations for future requirements.

Year	Quantity US Tons	Value $	US Steel	Foreign
1996	17,034	8,858,073	5,109	11,925
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1999	23,290	12,157,580	14,328	8,962
2000	28,678	14,970,058	19,146	9,532
Projected				
2001	13,500	7,589,456	8,500	5,000
2002	14,175	7,854,322	7,000	7,175
2003	15,592	9,355,500	8,000	7,592
2004	17,151	10,290,720	9,000	8,151
2005	19,724	13,806,555	10,000	9,724

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F. U.S. Production, 1996-2000

We have no way to accurately estimate U.S. production of this product.

G. U.S.-Produced Substitutes

There are no substitute materials that we could use to produce our product; the selection of this grade of steel is the key to its formability and hardenability. Materials above this grade are too hard for forming operation and grades below this material can't be hardened.

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Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- ANCHOR STAMPINGS/ NETHERLANDS

A. Name of Product

Hot Rolled Sheet – Pickled and Oiled

B. Description of Product

Hot rolled sheet in coils; thickness more than 3 mm, Rb. 85 Max.

C. Basis for Request

The material is used to make automotive door striker base plates. It is designated by a Safety Shield reflecting that the part's performance is regulated by the FMVSS (Federal Motor Vehicle Safety Statute). Performance requirements detail performance in both longitudinal and traverse planes and surface conditions detailed to protect occupants in motor vehicles as specified by Section IIb, IIIb.2.a, and IIIc of ES-F2UB-1521982AA. Parts are subject to rigorous testing that includes crash testing of vehicles.

Corus is the only approved source for ITW Anchor Stampings. If a domestic source were found, stringent and costly testing would be required to validate this safety product.

D. Producers of the Product

Based on our experience, the known producers are:

U.S.: Rouge Steel
Dearborn MI

Foreign: Corus Steel
Ijumuiden, the Netherlands

E. Total U.S. consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or future U.S. consumption.

F. Total U.S. Production, 1996-2000

We have no way of accurately estimating U.S. production.

G. US Produced Substitutes.

We know of no substitute materials produced in the U.S.

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EXCLUSION REQUEST – ILLINOIS TOOL WORKS- ANCHOR STAMPINGS/ FRANCE and the NETHERLANDS

A. Name of Product

High Strength Low Alloy Hot Rolled sheet

B. Description of Product

High Strength Low Alloy, specified as SAE J1392 050 XLF with restricted manganese.

C. Basis for Request

This steel is used to make structural body mounts for light trucks and sport utility vehicles. The relationship of carbon and manganese content must be narrowly defined to allow elongation ranges above 35% while maintaining yield strength of 45,000 – 50,000 lbs.

Components produced in the deep drawn stamping process are required to meet both column strength and shear integrity as defined by Ford Motor ES-F57A-1000192-AA Sections I, IIa, IIIa, IIIc, IIId, IIIf, & IIIi.

This specification defines crash worthiness of frame to body applications for light truck and sport utility vehicles.

ITW has attempted to use domestic source material from Weirton without success due to failure to meet the elongation requirements and in the deep drawing process. Subsequent lots were tried but failed in production consistency.

D. Producers of the Product

Based on our experience, the known suppliers are:

U.S.: Weirton, Weirton, WV

Foreign: Corus
Ijumuiden, The Netherlands

Usinor
Fos Sur Mer, France

E. Total U.S. Consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or future consumption. ITW Anchor Stamping's usage is estimated as follows:

	Quantity ('000 of net tons)	Value (millions of USD)
1996	0	
1997	0	
1998	0	
1999	500	$0.280
2000	1500	$0.873
Projected:		
2001	2175	$1.065
2002	2200	$1.078
2003	2400	$1.152
2004	2400	$1.152
2005	2400	$1.152

F. Total U.S. Production, 1996-2000

We have no way to estimate total U.S. production.

G. U.S.-Produced Substitutes

There is no known substitute produced in the U.S.

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Inv. TA-202-73: Steel

EXCLUSION REQUEST – ILLINOIS TOOL WORKS- ANCHOR STAMPINGS/ FRANCE

A. Name of Product

Low Carbon Cold Rolled Steel

B. Description of Product

Cold rolled sheet in coils, greater than 0.080 thick, #5 DDQ.AK. 55HRB MAX.

C. Basis for Request

ITW Anchor Stampings produces deep drawn components required to meet Ford Motor ES-F57A-1000192-AA Sections I, IIa, IIIc, IIId, IIIf, and IIIi. Steel is selected for ability to elongate without cracks. Specification defines crash worthiness of frame to body components for light truck and sport utility vehicles. No US material has survived the crash-testing program to date.

The automotive customer base is unwilling to absorb the financial penalties for a long certification process when the performance needs of the market are being met with the current approved suppliers.

D. Producers of the Product

Based on our experience these are the known suppliers:

U.S.: USX, Pittsburgh, PA [mill location?]

AK Steel, Middletown, OH [mill location?]

Rouge Steel, Detroit, MI

Foreign: Usinor, Fos Sur Mer, France

E. Total U.S. Consumption – Historic and Projected (Estimated)

We have no way to accurately estimate past or projected U.S. consumption. ITW Anchor Stamping's usage last year was 8108 tons and this year is projected to reach 5400 tons.

F. Total U.S. Production, 1996-200

We have no way of accurately estimating U.S. production.

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G. U.S.-Produced Substitutes

We know of no U.S.-produced substitutes.

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